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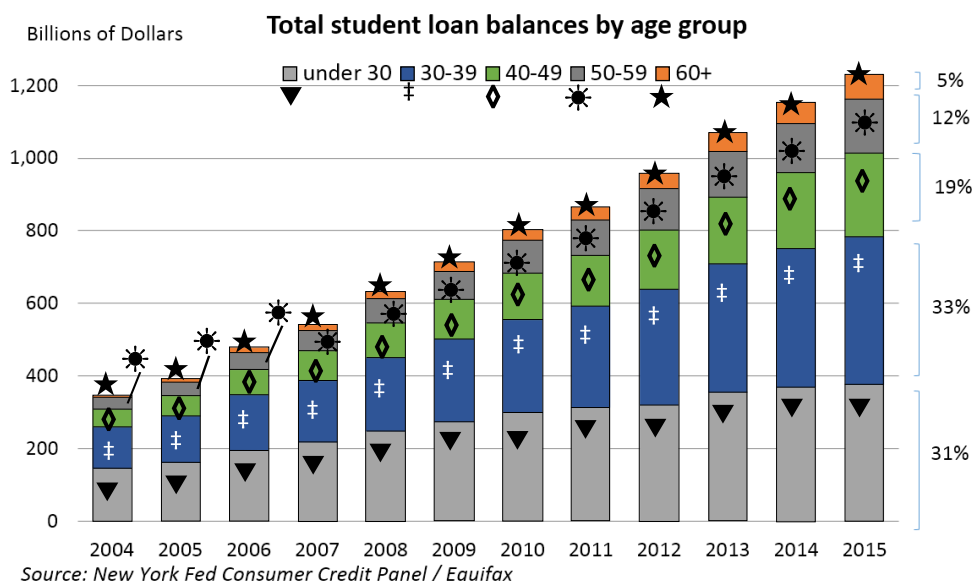
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STUDENT LOAN SCAMS

In 2015, consumers owed more than \$1.2 trillion in student loan debt. Since 2005, total student loan debt has grown by \$848 billion. The majority is owed by borrowers ages 30-39 years old. A surprising fact is that age 60+ borrowers owe more than \$66 billion in student loans.¹



The increase in demand for financing student loan debt has also increased the number of scams related to student loans. Student loan processing companies promise to help forgive or reduce student loan debt. They also charge illegal up-front fees to process student loans. Lastly, they pretend to be affiliated with government or loan servicers. Many of these companies never follow through with reducing/forgiving your student loan debt. You may be out on the illegal up-front fees and even worse, you may have accrued additional interest, fees, and penalties while you were waiting for the company to process your application.²

Student loan scams are not limited to student loan companies. Identity theft associated with student loans is becoming a great concern. Scammers are either fraudulently taking out student loans in other people's names to pocket the money or they are using others' names as co-signers for their student loans.³

Recently, a retired school teacher used the identity of three co-workers from the school district. The woman received almost \$94,000 in student loans using her co-workers' fake signatures. Before she was caught, she was in the process of obtaining another \$150,000 in student loans with her co-workers' signatures. The teacher was

the IG

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sentenced to 5 years in prison, and ordered to pay restitution in the amount of \$123,732 and \$250,000 in fines.³

Tips To Avoid Student Loan Scams

- **Never pay an up-front fee.** It is illegal for companies to charge you in advance before helping you. If you pay an up-front fee to reduce or get rid of your student loan debt, you might not get any help or your money back.
- **Neither the federal government nor legitimate private banks will charge an application fee for student loans.**
- **Only scammers promise fast loan forgiveness.** Before they know your situation, scammers might say they can quickly get rid of your loans through a loan forgiveness program, but they cannot.
- **A Department of Education seal doesn't mean it is legit.** Scammers use official-looking names and logos, say they have special access to certain federal programs, and they do not.
- **Do not share your Federal Student Aid Identification (FSA ID) with anyone.** Scammers could use it to get into your account and take control of your personal information.
- **Avoid companies making claims that the federal government will wipe out student loan debt.** President Obama never signed a bill to wipe out student loan debt.
- **People with disabilities may be eligible for total and permanent discharge of their federal student loans.** The process is free through the Department of Education and you do not need to pay a third party to process the application.
- **Avoid companies that claim you will be arrested if you fall behind in student loan payments.** You will not be arrested for late payments. Late payments will affect your credit score and a lender may garnish your wages.
- **Avoid giving personal information like your FSA ID or National Student Loan Data System PIN.** Third parties are trying to gain control of your loans so that you are forced to make payments through them. There is no need to ever make payments to a third party.

Sources:

1. [Snapshot of older consumers and student loan debt](#)
2. [FTC, State Law Enforcement Partners Announce Nationwide Crackdown on Student Loan Relief Scams](#)
3. [School of Hard Knocks](#)



For more information or to file a complaint, contact Pinellas County Consumer Protection at (727) 464-6200 or visit www.pinellascounty.org/consumer.